



WISCONSIN STATE LEGISLATURE

**Joint Legislative Audit Committee**

Committee Co-Chairs:

State Senator Jim Sullivan

State Representative Suzanne Jeskewitz

***Testimony of Representative Suzanne Jeskewitz and Senator Jim Sullivan, Co-Chairs, Joint Legislative Audit Committee, to the Assembly Committee on Jobs and the Economy and the Senate Committee on Economic Development on 2007 Assembly Bill 741 and 2007 Senate Bill 434***

***February 13, 2008***

***10:00 a.m.***

***417 North, State Capitol***

**Senator Jim Sullivan:** Good morning, Senator Lassa, Representative Strachota, and committee members. Joining me today is Pam Matthews from Representative Sue Jeskewitz's office, who is unable to be here today. Rep. Jeskewitz and I are the co-chairs of the Joint Legislative Audit Committee, and I'm pleased to be here today to urge your support for **Assembly Bill 741 and Senate Bill 434**. These are identical companion bills that were developed by a workgroup that Representative Jeskewitz and I convened to propose a number of changes in the state's economic development programs, based on recommendations in Audit Report 06-9. I will give some brief background information on the Audit Report and the workgroup and then Pam will describe the bills.

**Audit Report**

At the direction of the Joint Legislative Audit Committee, the Legislative Audit Bureau conducted a comprehensive review of state economic development programs and issued Audit Report 06-9, *State Economic Development Programs*, in August 2006. The Audit Report inventoried economic development programs administered by eight state agencies, identifying the Department of Commerce as the state's lead agency in economic development. The seven other agencies are: the University of Wisconsin System, the Technical Colleges System, the Departments of Transportation, Tourism, Natural Resources, and Agriculture, Trade and Consumer Protection, and the Wisconsin Housing and Economic Development Authority.

Generally, the audit recommendations related to improving efficiency, accountability, and transparency in the delivery of economic development programs and services. For example, the recommendations included:

1. Eliminating programs that were duplicative or inactive and consolidating programs with similar purposes, in order to simplify program administration and oversight;
2. Strengthening and consolidating agency reporting requirements, in order to improve accountability over how program funds are spent; and

**SENATOR SULLIVAN**

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3. Improving procedures for tracking and reporting actual program results in order to disclose program costs and benefits to policymakers and the public.

Commerce submitted a follow-up report to the Audit Committee in February 2007, which identified a number of inactive or outdated programs for consolidation or elimination that the Audit Report had also identified, and reported on efforts by Commerce to improve procedures for monitoring the long-term success of projects it funds.

### **Workgroup**

Sue and I decided to convene a workgroup to develop draft legislation that would build on the Audit Report's recommendations and consider information from Commerce's February 2007 report. In addition to the two of us, Senators Lassa and Cowles, who are members of the Audit Committee, and Senators Vinehout and Roessler all participated, as did Representatives Strachota and Fields. Staff from the Audit Bureau, Reference Bureau, Legislative Council, and Commerce provided significant assistance to the workgroup and we thank them all.

We believe that the legislation before you today will make substantial improvements in the delivery of vital economic development services to individuals and businesses across the state.

I'll now turn it over to Pam to describe the bills.

**Representative Jeskewitz's staff:** Good morning, madame chairs and committee members. As Senator Sullivan said, these companion bills contain the necessary statutory language to implement the recommendations in Audit Report 06-9. I will briefly summarize the major provisions of the bills. Then Senator Sullivan and I will be happy to answer questions. To assist us, we have with us several legislative staff members who worked closely with the workgroup. Also, representatives of Commerce are here and may be in the best position to answer questions on how they would implement and fund certain provisions of the bills.

### **The Bills**

You have a Legislative Council memo from Pam Shannon, dated February 4, 2008, that gives a thorough explanation of the bills, so I will just summarize the main features of the bills at this time. Briefly, the bills do the following:

1. Create a uniform statutory definition of "economic development program", based on the definition used in the Audit Report.
2. Eliminate a number of unfunded or inactive economic development programs, most of which are housed in Commerce, one in the Department of Agriculture, Trade and Consumer Protection, and one in WHEDA.

3. Consolidate Commerce programs as follows: (a) four minority business development programs are rolled into one program; (b) two gaming economic development programs are rolled into one program; and (c) three employee skills training programs are rolled into one program.

4. Make a number of changes to reporting requirements by the state agencies. The bills:

- a. Eliminate a number of individual program reports currently required of Commerce, while retaining a few others.
- b. Require Commerce and the seven other state agencies to submit **comprehensive annual reports** on their economic development programs, to the Joint Legislative Audit Committee and appropriate legislative standing committees, by October 1 each year. The bills specify a number of items that must be included in the reports, including a description of each program, quantifiable performance measures, and a comparison of expected and actual program outcomes. The seven agencies are required to collaborate with Commerce to make the reported information available to the public on the Internet.

5. Require the eight state agencies to establish specific goals, quantifiable benchmarks, and methods for evaluating program results for all economic development programs administered by each agency. The agencies must independently verify the accuracy of information reported by the recipient of an economic development grant or loan.

6. Require the eight state agencies to promulgate administrative rules relating to: (a) submission of verified statements for grants and loans of at least \$100,000; and (b) recoupment or withholding of payments and imposition of fines or penalties for certain impermissible activities of recipients of grant, loans, or tax benefits.

7. Require the Audit Bureau to conduct a financial and program evaluation audit of state economic development programs administered by the eight state agencies, by July 1, 2012.



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## KATHLEEN VINEHOUT

### STATE SENATOR

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Wednesday, February 13, 2008

#### **Senator Kathleen Vinehout Testimony on Senate Bill 434**

I was pleased to serve on the bi-partisan working group that crafted Senate Bill 434. I appreciated the opportunity to work with my colleagues and the Legislative Audit Bureau staff in implementing their recommendations to improve our economic development programs.

This Legislative Audit Bureau report was both educational and compelling. The Audit Bureau Director and staff have provided a tremendous service to the state through their work. I am especially grateful to State Auditor Jan Mueller and Deputy Auditor Paul Stuiber for their long hours dedicated to assuring that tax-payers dollars are wisely invested.

Reading the audit provided me with great insight into those programs that provide money to encourage business activity. The goal of providing financial incentives to grow our economy is laudable; however, the audit uncovered many problems.

The audit reported serious record-keeping problems: while helping small business is an important priority, the auditors could not determine the size of the companies in more than half of the awards. Auditors were unable to determine the size of the business in 51.5% of all awards with a value of \$32,536,400 (p. 66)

They were also unable to track the industry classification in over \$40 million of grants and loans – that is 36% of all grants and loans. The auditors couldn't determine the county in over \$2 million of grants and loans. This is important because there is an economic disparity in our state – and the dollars we are investing in economic development may not be going to where they would be best invested.

Milwaukee, Dane and Rock Counties accounted for 1/3 of the grants and loans; 10 counties accounted for 73% of all industrial revenue bonds issues – and all of them were in Southeast or Central Wisconsin. Eight counties – accounting for 21% of all loans to economically distressed counties met NONE of the criteria for an economically distressed county. Only ten businesses received 22% of the total amount of grants and loans with \$5 million to 3 insurance companies. While SMALL businesses – which accounts for 70% of all business in our state – received only 29% of the state's economic development grants and loans.

The state had authorized \$406.6 million in tax credits for development zones; \$310 million in seven different income tax credits; and 16 different sales and use tax credits that in one year totaled \$342.6 million. But the auditors were unable the tax credits claimed in development zones because DOR does not track the amount of tax credits claimed in each zone area (p. 91).

Certain types of industries are a higher priority but the auditors could not identify the type of business in more than a third of the awards.

Certain parts of the state need help more than others but, for over \$2 million worth of grants and loans, the auditors could not identify in what counties the dollars were spent.

While we hope, as legislators and tax payers, that our dollars are wisely invested – the audit gives us evidence to the contrary.

The most troubling part of the audit – in addition to the incredible sums of state money and the record keeping problems – is that the state does not measure whether or not the money is well spent.

Looking at the projects that were designed to create or retain jobs, the cost per job ranged from \$556 to \$22,727 per job; and from \$172 to \$3,472 for each employee trained. (p.75)

In 1999, the Department of Commerce certified **three private investment companies as Certified Capitol Companies** and awarded 33 insurance companies a total of \$50 million in tax credits as a dollar for dollar match of their investments in these three investment companies.

The audit found incredibly high costs resulted in minimal benefits. Through 2004, the insurance companies have claimed \$50 million in tax credits, invested \$26 million in 19 companies and created 316 Wisconsin jobs at a cost of \$158,228 per job (p. 100).

In addition, the three private investment companies that manage the program spent \$35.5 million over five years for management expenses and debt payment.

The state does not know if those awarded planning grants actually launched their businesses; whether jobs that the business expected to create actually were created; or whether the new business development zone actually helped create new businesses.

When we spend state dollars in other areas, every dollar is tracked. For example, social service programs are required to carefully track not only the service delivered, but the quality of that service. To spend millions of dollars on programs that are never evaluated is not wise.

Our state dollars are very short and the list of needs very long. We are stewards of state dollars and we must make sure that every dollar we are spending is wisely spent.

Senate Bill 434 will move us in the right direction by helping us make better informed decisions on our investment of taxpayers' dollars in growing our economy. We find ourselves, as legislators, serving the state in challenging times.

The state provides vital services to its people and yet when resources are tight, the tendency is to cut services across the board. But by wisely investing in state services and tracking the effectiveness of programs, we can target dollars to those programs that are most effective.

This bill provides the Legislature with information to provide a comprehensive evaluation of the state's investment in economic development programs. We can only know what works if we collect the information to determine our success or failure. These are public programs, and through the mechanisms put in place by SB 434, we provide public information to make decisions about how best to invest in our economy.

Businesses will be required to establish specific goals, quantifiable benchmarks and methods to evaluate the results of all economic development programs. The people of the state can see the results of the investment made with their money.

It has indeed been a pleasure to serve on the economic development working group to begin to solve problems faced by our state. I can think of no better example, in my first year of service as Senator, of Republicans, Democrats; Assembly members and Senators and women and men coming together to solve problems for the people of our state. This is indeed our sacred obligation.



# **JULIE LASSA**

## **STATE SENATOR**

### **SENATOR JULIE LASSA'S SENATE BILL 480 TESTIMONY**

#### **Senate Committee on Economic Development**

#### **Wednesday, February 13, 2008**

#### **Room 201 Southeast**

Good afternoon committee members. Thank you for allowing me the opportunity to address you today on Senate Bill 480, relating to changes to economic development tax benefit programs.

As you heard earlier, at a follow-up hearing to the Audit Report in April 2007, the Joint Legislative Audit Committee Co-Chairs suggested the formation of a working group comprised of themselves, other Audit committee members, and additional interested legislators, to develop legislation that would build upon the recommendations in the Audit Report and consider information presented by the Department of Commerce in its February 2007 follow-up report to the committee.

The working group, which began meeting back in June, had two main objectives. The first was to eliminate economic development programs identified as inactive or outdated and the second was to consolidate reporting requirements relating to Department of Commerce economic development programs.

While many of the working group's recommendations are included in the legislation introduced by Senator Sullivan and Representative Jeskewitz, due to concerns about time restraints with the drafters, the working group decided to divide the remaining recommendations into this separate legislation.

The purpose of this bill is to consolidate five current development zone programs—the development zone program, the enterprise development zone program, the agricultural development zone program, the technology zone program, and the airport development zone program—in an effort to reduce administrative requirements and eliminate unnecessary and burdensome limitations on the distribution of performance-based tax credit incentives to grow Wisconsin businesses.

With us today in support of SB 480 are representatives from the Department of Commerce and WHEDA, who will further clarify the specifics and need for this bill. At this time, though, I would like to ask Legislative Attorney Pam Shannon to provide her analysis of the bill.



TO: Members, Assembly Jobs and the Economy Committee  
Members, Senate Economic Development Committee

FROM: James Otterstein and Peter Thillman  
WEDA Legislative Co-Chairs

DATE: February 13, 2008

RE: **Support for AB 741/SB 434 and AB 794/SB 480**

The Wisconsin Economic Development Association (WEDA), a statewide organization consisting of over 450 economic development professionals, strongly supports AB 741/SB 424 and AB 794/SB 480.

Eighteen months ago, the Legislative Audit Bureau released its report on economic development programs in the State of Wisconsin. These two bills before you today are critical first steps in reforming the economic development climate in Wisconsin. These bills streamline the process, make the process more transparent and increase program accountability.

We applaud the efforts to move these important initiatives forward and look forward to working with members of the legislature to further create a business climate that is conducive towards facilitating business and investment growth in Wisconsin.

*Brief summaries follow:*

**AB741**

- This is the first of many actions to fully implement the recommendations found in the Legislative Audit Bureau's audit of state economic development programs
- This is a critical first step in consolidating duplicative incentive programs and eliminating obsolete economic development programs.



## **AB794**

*[The Department of Commerce offers a number of distinct tax credit programs. These programs are performance based creating incentives that are not speculative, but reward performance. A company must make the investment and create or retain jobs to be eligible for the tax credits. Through program consolidation, geographic and acronym nuances will be removed; thereby, reducing duplicative programming and inefficiencies. None of the existing eligible activities currently allowed within the five distinct programs will be negatively impacted. Instead, this proposed consolidation coupled with increased credible activities (i.e. such as workforce training) will ultimately increase the program's applicability, flexibility and its utilization.]*

- The most meaningful change in AB 794 is the consolidation of tax credit incentive programs.
  - This legislation will
    - Reduce confusion and paperwork
    - Streamline the economic development process
    - Create contemporary incentives for
      - Creating new jobs
      - Investing in plant improvements and machinery and equipment
      - Investing in our incumbent workforce
      - Attracting and retaining corporate headquarters
    - Reward companies for performance
    - And insure public accountability for the tax credits used.

Thank you for your time and consideration.

# WISPIRG

**Standing Up  
To Powerful Interests**

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To: Senate Committee on Economic Development and Assembly Committee on Jobs and the Economy  
From: Bruce Speight, WISPIRG Advocate  
Date: February 13, 2008  
Re: Senate Bill 434, Assembly Bill 741

Good morning Chairwoman Lassa and Chairwoman Strachota and members of the committee. Thank you for the opportunity to speak today. My name is Bruce Speight and I am a Public Interest Advocate for WISPIRG, the Wisconsin Public Interest Research Group. WISPIRG is a statewide non-profit, non-partisan public interest organization that stands up to powerful interests. We represent 9,000 members across the state.

I am here today in support of Senate Bill 434, and its companion Assembly Bill 741, and in particular to speak to the benefits of disclosing information about economic development subsidies and making it accessible through an easily searchable online database.

We live in an era where Americans expect to be able to search their own bank accounts or cell phone bills on line, in which we can verify information people tell us by Googling it on line. To restore public confidence in government, we also need to live in an era of "Google- able government" when it comes to transparency and accountability for the public purse.

Wisconsin enjoys a proud tradition of open government, and has taken important steps to make government transparent. We are a model in disclosing the activity of lobbyists. And WISPIRG applauds the state for increasing transparency in the disbursement of state procurement contracts in the last session, and most notably for making this information easily accessible on the internet with the new "Contract Sunshine" website.

Yet, there is still more to be done, and SB434/AB741 is an important next step in increasing transparency and accountability in government spending.

Especially in these tough budget times, we need to track every dollar and make sure we are getting the most 'bang for our buck' for any business subsidies. Regardless of what one thinks about whether there should be more or less business subsidies, Wisconsin deserves to get the greatest results and accountability for each dollar. And taxpayers have a right to know whether their dollars are being used efficiently and effectively.

In the past year the term "Google Government" has come up in many U.S. states that have launched initiatives using the Internet to make accessible detailed information about where tax dollars go and who gets government contracts and subsidies. "Contract Sunshine" is moving us in the right direction with regard to online disclosure of state procurement contracts. We should make sure that SB434/AB741 likewise moves us forward in achieving detailed disclosure of economic development subsidies.

In October of last year, WISPIRG released a report by the Washington DC based think tank, Good Jobs First, which compares online reporting of lobbying, state procurement contracts and economic development subsidies in all 50 states. The good news is that in a growing number of other states, searchable public databases provide easy access to information about government subsidies with highly detailed information of projects receiving subsidies, including total projected

jobs, wages and benefits, and the capital investment of the company. In addition, the best reporting includes outcomes, and the information provided covers a substantial period of time in order to allow meaningful analysis of long term public costs and benefits.

Minnesota, for example, reports total subsidy amount, wage and benefits data for the jobs created by subsidies, a summary of the goals in the subsidy agreement, outcomes until goals are attained, and (when applicable) a company's former location within the state and the reason for relocation. This data allows Minnesotans to know which subsidies are creating new upwardly jobs, as opposed to just promoting relocation from one town to another with worse jobs. Wisconsin deserves no less.

Accessibility and formatting of the disclosure reports are also important. We all know that having data somewhere on the web is not the same as true accessibility and usability. For example, the Illinois Department of Commerce and Economic Opportunity has a specially designated corporate accountability Web site created pursuant to the 2003 Corporate Accountability in Tax Expenditures Act. All compliance reports are available there in an easy-to-use database searchable by report year, award year, and program type. Wisconsin deserves no less.

In addition, in some states, with a few clicks, taxpayers can discover how much contractors and subsidy recipients lobbied or gave in campaign contributions. Again, Wisconsin deserves no less.

SB434/AB741, as currently written, does require online disclosure of economic development subsidies. But, we have three recommendations for improving this bill to ensure that the data reported is thorough and sufficient to inform taxpayers of these investments, and sufficient to access whether or not we are getting a return on these investments.

***First, we recommend that you specify the information that agencies must report both to the legislature and online, and ensure that reporting on actual outcomes is required.*** While the current bill does cite a few specifics, we should make sure that at the very least we are requiring the same information be reported that recipients in Minnesota and Illinois must report.

Last summer the *Journal Sentinel* examined deals with 25 big companies that were awarded about \$80 million in state subsidies over a 6-year period. The investigation found that overall the companies fell about 40 percent short on the job creation they promised in order to receive the subsidies. In the absence of established accountability mechanisms, the *Journal Sentinel* reported that the state often lowers its requirements rather than canceling the subsidies or seeking repayment. This is not acceptable. *If a contractor in our own home ends up tiling only half the bathroom, we don't go back and change the contract. If we are going to hold the public sector to high standards, we must have high standards for all types of expenditures.*

***We owe it to ourselves to at least provide full information about where the money goes, but in addition we should ensure that there is accountability.*** Both Minnesota and Illinois have a "clawback" or "recapture" provision, which requires subsidy recipients to repay subsidies if they do not deliver on their promises. This type of measure holds companies accountable and ensures that we are getting a return on our investment. It is a "money-back taxpayer guarantee" for public subsidies. ***Our second recommendation is that you consider such a provision in Wisconsin as well.***

***Thirdly, one of the great advantages of integrating thorough data about subsidies is captured in a simple business nostrum: you can't manage what you can't measure.*** Reliable and comprehensive data gives the public the ability to assess whether we are implementing programs fairly and effectively. Some basic questions: Are subsidies focused on the right industries? Are they clustered in certain regions? What kinds of subsidies produce the most jobs? We can't presently even begin to answer these basic questions because even the people who run these programs don't know about subsidies they don't themselves administer. We can't get the most out of our business subsidies because they are presently distributed in an

uncoordinated range of disparate programs that lack a vision of the whole, and where one hand doesn't talk to the other.

**Therefore we believe a third improvement to this bill would be to include *all* subsidies of *all* types.** We must ensure that any kind of expenditure that affects our public budget's bottom line be included. Tax breaks and credits, as well as expenditures on loan guarantees lead to a net decrease in our budget surplus the same way that a direct line item in the budget does. Like our neighbors in Minnesota and Illinois who have done this, the public deserves access to this full information to ensure that economic development subsidies are most effective.

While we encourage you to consider these three improvements to the bill, we recognize that SB434/AB741 is a positive step in the right direction. We thank Senator Sullivan and Representative Jeskewitz for their work on this bill. We look forward to working with you and the legislature to increase transparency and accountability. Together we can maintain our proud tradition of open government in Wisconsin, and build public trust in the investments made with taxpayer money.

Thank you for the opportunity to comment today.

Wisconsin Assembly Committee on Jobs and The Economy  
Wisconsin Senate Economic Development Committee  
411 South  
State Capitol  
Madison, WI

February 7, 2008

**RE: AB 741/SB 434**

Assembly and Senate Members:

This letter is in support of the above referenced bills receiving a public hearing before you today. The Door County Economic Development Corporation urges you to vote in favor of this bill, the first of many actions to fully implement the recommendations found in the Legislative Audit Bureau's 2007 audit of state economic development programs.

This bill is a critical first step in consolidating duplicative incentive programs and eliminating obsolete economic development programs in the State of Wisconsin. The most meaningful change outlined in AB 741/SB 434 is the consolidation of tax credit incentive programs. The proposed legislation will reduce confusion and paperwork; streamline the economic development process; and create contemporary incentives for Wisconsin businesses creating new jobs, investing in plant improvements, machinery and equipment, and investing in our incumbent workforce. The bill will also help attract and retain corporate headquarters in Wisconsin. The legislation will reward companies for positive performance and insure public accountability for the tax credits used.

Again, Door County Economic Development Corporation strongly urges the Wisconsin Assembly and Senate to pass AB 741/SB 434 as soon as possible, to improve the business and economic climate in our state.

Please feel free to contact me if you have any additional questions or concerns.

Sincerely,

A handwritten signature in dark ink, appearing to read "William D. Chaudoir". The signature is fluid and cursive, with the first name "William" and last name "Chaudoir" clearly distinguishable.

William D. Chaudoir  
Executive Director

CHAIR:  
Energy and Utilities Committee

MEMBER:  
Higher Education and Tourism  
Joint Committee on Audit  
State Building Commission

## **ROBERT L. COWLES**

Wisconsin State Senator • 2nd Senate District

### **SB 434 (Economic Development Program Reform)**

#### **What does the bill do?**

1. Eliminates a number of unfunded or inactive economic development programs and consolidates a number of duplicative programs.
2. Requires Commerce and seven other state agencies to submit comprehensive annual reports on their economic development programs to the Joint Legislative Audit Committee and appropriate standing committees.
3. Requires the eight state agencies to establish specific goals, benchmarks, and methods for evaluating program results for all economic development programs.
4. Requires the agencies to promulgate rules requiring verified financial statements for economic development grants and loans of at least \$100,000, and recouping or withholding of payments and imposing penalties for specified impermissible activities of program recipients.
5. Requires the LAB to conduct a financial and program evaluation audit of state economic development programs administered by the eight state agencies, by July 1, 2012.

#### **Why is the bill needed?**

- Brings much needed accountability to economic development programs by making it easier for agencies to withhold or recoup payments from companies who aren't living up to their end of the bargain.
- Delivers efficiency by eliminating or consolidating unneeded or inactive programs.
- Offers better tracking of successes or failures of economic development programs by having agencies establish goals, benchmarks and evaluation methods for programs.
- Makes it easier to evaluate programs by requiring annual reports by agencies on their economic development programs.
- Increases the likelihood of success of programs by requiring verified financial statements for large grants.

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# *W*aupaca County Economic Development Corporation

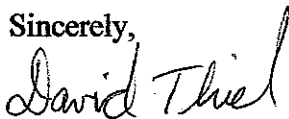
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As an economic development professional that utilizes the various State of Wisconsin incentive programs to help existing and new businesses survive and grow, I applaud the Wisconsin State Legislature for examining new ways to achieve those desired results. As our businesses need to be more flexible to survive in a world marketplace, we as a State also need to increase our ability to adapt to changes. Streamlining applications and approvals would undoubtedly help businesses asking for assistance. More often than not, these businesses need to start new projects very quickly in order to take advantage of opportunities that arise. Any reduction in the time spent by the State of Wisconsin responding to requests helps the businesses remain competitive, even if the application is rejected, because time truly is money when new projects are taking shape.

In addition, the State of Wisconsin needs to adapt to the reality of the changes taking place in the industrial sector that drives our economy: manufacturing. Productivity gains in this sector are now determined by investment in new technologies and sophisticated equipment. Thus, the workforce in this sector is shrinking (nationwide). The areas of the world that train their workforce to manage and work with these new technologies and sophisticated equipment will be the ones that will experience expansion in this sector. We have an advantage in this area because we have one of the more productive manufacturing workforces in the world. However, if we do not invest in upgrading their skills to match the investments the manufacturers are making in their plants and equipment, we will soon lose our advantage. This includes bringing our secondary education system into the partnership that supports the long-term survival and growth of this sector.

Finally, coupling State incentive investments in new and expanding businesses to job creation sends the wrong message to our companies. The measures of success should be determined by increased market share, or gaining a foothold in a new market. Accountability should be measured by the long-term investments in infrastructure that secures the future of the company's location in Wisconsin. New jobs and higher wages will be a result of long-term success by the business, but there will always be fluctuations in numbers. Forcing businesses to maintain new positions for a certain number of years never works anyway. Businesses adapt to the changes in the marketplace, and if that means having to lay off employees to survive, they will do just that. They certainly don't need their partner penalizing them for adjusting their operations to survive. I look forward to new economic development programs that streamline the process and send the message that all Wisconsin businesses want hear: the State of Wisconsin wants to invest in your business as a partner.

Sincerely,



David Thiel, Executive Director

Waupaca County Economic Development Corporation



Fond du Lac County  
Economic Development  
Corporation

*Looking Forward*

February 7, 2008

Representative Pat Strachota  
Chair, Committee on Jobs and the Economy  
State of Wisconsin  
C/O Wisconsin Economic Development Association (WEDA)

Re: Assembly Bill 741

Dear Representative Strachota and Honorable Committee Members:


I would like to voice my support for two proposals included in AB 741, under discussion this Thursday at the Assembly Jobs and the Economy Committee. As a certified economic development professional who works everyday with businesses endeavoring to weed through the myriad of possible incentive programs, I recognize how essential proposals contained in AB 741 are to enhancing Wisconsin's ability and effectiveness to spur critical growth in the New Economy.

These proposals represent important initial steps towards implementing recommendations listed in the audit of state economic development programs carried out by the Legislative Audit Bureau, released in April of 2006. Specifically, they would consolidate duplicative elements of various incentives while eliminating obsolete components of related state development programs. Of particular value for enhancing economic development is the consolidation of tax credit incentive programs.

Passing this legislation would thus create a number of positive direct and indirect impacts. In addition to reducing confusion and paperwork by streamlining the economic development process, incentive programs would be more effectively tied to contemporary economic and global realities. Commerce programs would thus be much more responsive to the ever-changing business challenges and needs of the state, creating new jobs and encouraging companies to invest in capital improvements. These proposals ultimately represent a tremendous investment in our own incumbent workforce and attraction and retention efforts.

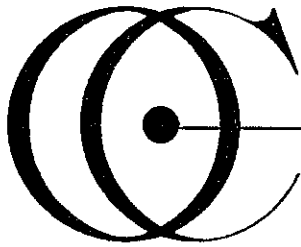
Thank you for your attention to these important proposals. Your support will help ensure Wisconsin businesses and residents alike can compete effectively in the dynamic global economy.

Sincerely,

  
Brenda L. Hicks-Sorensen, CECD  
President

Electronic Copy: Senators Carol Roessler, Luther Olsen and Glenn Grothman  
Representatives Joan Ballweg, John Townsend, Carol Owens, Daniel LeMahieu and Steve Kestell





# OUTAGAMIE COUNTY

410 S. WALNUT ST. APPLETON, WISCONSIN 54911

## PLANNING AND ZONING ADMINISTRATION

ADMINISTRATION BUILDING LEVEL 3  
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TO: Representative Patricia Strachota, Chair  
Wisconsin Assembly Committee on Jobs and the Economy

FROM: Michael Hendrick, Planning Director *mike*

DATE: February 6, 2008

RE: Public Hearing on Assembly Bill 741

Thank you for the opportunity to comment on this proposed piece of legislation.

This proposed bill is the first step toward implementing the Legislative Audit Bureau's recommendations regarding the State's economic development programs. Consolidating the Department of Commerce economic development programs is an important step to eliminate duplicity and confusion. I am most interested in the consolidation of the tax credit incentive programs, which I am involved primarily through the technology zone program.

This legislation has the potential of creating a new environment for economic development within the State. An environment that encourages investment in plant improvements, machinery, equipment, and personnel. An environment that assists in the retention and attraction of business to Wisconsin. Additionally, the reporting requirements associated with this bill will ensure accountability.

I am in support of Assembly Bill 741 and I again thank you for the opportunity to share some brief thoughts with you and the Committee.